

THE INTERNATIONAL COMMISSION ON HOLOCAUST ERA INSURANCE CLAIMS

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October 11, 2000

Ladies and Gentlemen,

This is in reply to your letter to me of September 29, 2000. I shall try to deal with each of the many issues and questions you raise in the order in which they appear in your letter.

FAST-TRACK CLAIMS

The International Commission on Holocaust Era Insurance Claims (ICHEIC) decided last year to institute a "Fast Track" procedure to consider claims that were in the hands of various state insurance regulators. Many of these were relatively well documented and had been held by the state regulators for lack of any established procedure for their consideration and resolution. Some had been submitted to various insurance companies, but had been rejected by those companies for various reasons. Since the ICHEIC procedure for handling claims had not yet been fully agreed (but some of the standards – such as claims valuation – had been accepted), we decided to "fast-track" those claims in order to get at least some of them paid, and to learn lessons which could be applied to the ICHEIC process to make it more effective. It was never, and is not now, intended that decisions taken by the companies on the fast-track cases would be ICHEIC's last word on those claims. Any fast-track claims denied by the companies will be reviewed by them again, now that the ICHEIC claims standards have been settled. Further, all fast-track claimants whose claims have been denied will have the right of appeal via the process the ICHEIC is establishing under the leadership of Judge William Webster.

The results of the fast-track process so far are as follows:

Total claims submitted	908	
Total responses	667	(73%)
Offers made by the companies	200	(22%)
(Value of offers made)		\$1.8 million
Claims denied	467	(51%)
Pending	241	(27%)
Offers made as percentage of total responses		30%

In addition to the offers made on fast-track claims submitted, the companies have, during this period, made 163 other offers, based on ICHEIC standards, worth \$1.8

million on claims submitted to them directly. With regard to the cases which are still pending, these are either still being researched by the relevant insurance company or have been held up because of a small number of policy issues which the ICHEIC has not yet resolved or has only recently resolved.

Until the denied claims have been reviewed again and processed through appeal, it is not possible to make a final judgment on the outcome. I am not happy with the number of rejected claims, some of which are likely to be reversed on appeal. However, an analysis we have carried out on a sample of 25% of fast-track claims shows that over 50% of the denials are based on statements by the companies that they have evidence from their archives that the policies in question were either paid, lapsed before the Holocaust, compensated after World War II, or relate to cases where there was no evidence either provided by the claimant or in the companies' own records. The validity of the companies' evidence remains to be tested both by our audit process and on appeal. Finally, the fast-track experience has taught us some valuable lessons that have made ICHEIC's now established claims procedure both more efficient and responsive.

THE MAIN CLAIMS PROCESS

Although your comments focus on the "fast-track" claims, you should be aware of certain facts relating to the main claims process, which was launched on February 15 this year. ICHEIC has published advertisements in hundreds of newspapers in 41 countries, supplemented in some cases by television and radio advertising. We have supported the efforts of networks of Jewish and survivor organizations to help claimants through the complexities of the claims process. We have encouraged claimants to come forward, even if they had no documentary supporting evidence.

We have already published on our website 19,000 names of policyholders believed to be Holocaust victims and will publish many more over the next few months. These outreach efforts have been successful: the ICHEIC website has received over 80,000 hits, while the lists of names of policyholders have been searched more than 125,000 times; our call center has received over 130,000 calls and our claims processor has received over 50,000 completed claims forms with many more in the pipeline.

However, a high proportion of the claims forms received do not name a specific company and have little or no evidence of the existence of a policy; many of them are inquiries rather than claims. We are committed to researching all these claims against both the databases of the insurance companies and our own research database taken from external archives. But clearly there can be no guarantee that we will find positive matches for a high proportion of those inquiries or claims which do not name a company.

POLICIES IDLED FOR MONTHS, ETC.

Much of what is said in your second paragraph is both personally insulting and nonsense. It is true that "hundreds of policies have been idled for months." Indeed, they have been "idled" for decades. It is precisely for this reason that the ICHEIC was

established. But what too many critics fail to understand is that what the ICHEIC has been established to do has never been done before. We have been wending our way through an extremely complicated field, relying on documentation, if it exists at all, that is some fifty-to-sixty years old. We have had to arrive at agreements on how to value policies written in some twelve currencies, several of which no longer exist or bear no relationship to their historic value. We have had to reach agreement on what level of relaxed standards of proof are appropriate (given the dearth of documentation to establish a claim). We have had to reach agreement on the publication of lists of potential claimants when European privacy laws often stand in the way of our broadcasting those names. We have had to reach agreement on how to inform potential claimants that they now have an opportunity to make a claim (something they never had before). We have had to put in place a system for receiving claims and routing them to the appropriate company or companies. I could go on for several more pages, but hope that the examples I have given will make the point.

I am uncomfortably aware that it has taken us almost two years to accomplish what I originally had hoped could be accomplished in one. As Chairman, I must take responsibility for that turn of events, but building consensus, given the makeup of ICHEIC, has not been a bed of roses.

One more comment before I move on to another subject. The companies and I have not always seen eye to eye; we have had many disagreements. I expect we will have more before we are through. But it is unfair to cast those who are members of the ICHEIC as evil incarnate. They have started to pay claims and are paying the costs of the ICHEIC, which already run into the tens of millions of dollars with more to come, despite the fact that they represent only 25-30% of the Holocaust-era insurance market. Through the German Foundation Initiative (more on that below), the companies doing business in the Federal Republic of Germany have reached agreement with the appropriate Jewish representatives on a settlement which will use the ICHEIC as the "transfer agent". A settlement between the relevant Jewish representatives and ICHEIC with the Italian insurer, Generali, seems well on the way to fruition. And I am hopeful that an agreement with the remaining three ICHEIC companies will soon be reached. In my judgment, all of the ICHEIC companies have negotiated in good faith. They also know that I will not hesitate publicly to state the contrary should I decide that they are no longer acting in good faith.

THE GERMAN FOUNDATION, SLAVE LABOR, THE APPEALS PROCESS

You have addressed your concerns about the Foundation Initiative to the wrong party. The Foundation is the creature of an agreement between eight governments, sixteen companies, five reconciliation foundations, the Claims Conference, and countless plaintiffs and attorneys. I, thankfully, have not been responsible for anything the United States government has done for the better part of the past eight years, so I suggest you contact the Treasury and State Departments with your complaints.

To the degree that ICHEIC has any relationship with the Foundation, it is simply that the Foundation has set aside, as you indicate, DM 200 million to pay claims against insurance companies doing business in Germany. There are additional arrangements should the DM 200 million prove inadequate. The agreement on insurance, as on all other aspects of the Foundation, involved acceptance by the appropriate Jewish representatives, who apparently felt the sum set aside for insurance was adequate. I agree with that judgment, and so indicated to those negotiating the agreement. Much has been said about the "billions" owed on insurance claims, but that is pure conjecture -- often by those who hope to profit at the expense of the claimants. All of our analysis, admittedly based on less than complete information, indicates that the funds set aside by the Foundation should be sufficient to pay all legitimate claims on German companies. As to the non-German members of the ICHEIC, I can assure you that I will oppose any settlement that is not sufficient to pay all legitimate claims.

In any event, the insurance settlement has nothing to do with the slave labor settlement, which is wholly separate. The only possible involvement I could even imagine would derive from the inability of the ICHEIC and the Foundation to reach agreement on how the Foundation's funds were to be passed to ICHEIC, the authority of ICHEIC to manage those funds, etc. I must be certain that claimants will be paid based on ICHEIC standards, and that ICHEIC has exclusive authority over the management of funds, or there will be no agreement between ICHEIC and the Foundation. Were that to happen -- and I have no reason to believe it will -- it might have an effect on the rest of the Foundation settlement.

As to statements of interest and "delinking" ICHEIC from the settlement, as I indicated, those questions rest with the U.S. government. I personally see no reason to follow either of your suggestions, but even if I did, I could do nothing to accommodate you.

We will have an appeals process in place very soon. Also, I understand your point with regard to extending the 2002 filing deadline. However, given the statistics presented above on claims received, "hits" on the website, etc., I doubt that any extension will be necessary.

One final point. I believe that the ICHEIC process well serves the foreign policy interests of the United States and will continue to do so as we seek justice for those for whom it has too long been denied.

Sincerely,

A handwritten signature in dark ink, appearing to be 'LSE', written over a horizontal line.

Lawrence S. Eagleburger
Chairman